

INSURANCE CODE

TITLE 10. PROPERTY AND CASUALTY INSURANCE

SUBTITLE E. WORKERS' COMPENSATION INSURANCE

CHAPTER 2051. GENERAL PROVISIONS: WORKERS' COMPENSATION INSURANCE

SUBCHAPTER A. APPLICABILITY AND CONSTRUCTION

Sec. 2051.001. DEFINITION. In this chapter, "insurance company" means a stock company, mutual insurance company, reciprocal or interinsurance exchange, or Lloyd's plan authorized to engage in the business of workers' compensation insurance in this state.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2051.002. CONSTRUCTION OF CERTAIN LAWS. The following shall be construed and applied independently of any other law that relates to insurance rates and forms or prescribes the duties of the commissioner or the department:

(1) this chapter;

(2) Chapter 251, as that chapter relates to workers' compensation insurance; and

(3) Chapters 255, 426, 2052, 2053, and 2055.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2H.003, eff. April 1, 2009.

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 3B.0591(f), eff. September 1, 2007.

SUBCHAPTER B. COMPENSATION AND EXPENSES

Sec. 2051.051. LIMITATION ON COMPENSATION AND EXPENSES. The total amount of necessary compensation of experts, clerical personnel, and other department employees, necessary travel expenses, and other expenses necessarily incurred to implement the

purposes of the laws referenced in Sections 2051.002(1), (2), (3), (4), and (5) may not exceed the total amount assessed and collected from insurance companies writing workers' compensation insurance in this state.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

SUBCHAPTER C. POLICYHOLDER DUTIES

Sec. 2051.101. DISCLOSURE BY POLICYHOLDER REQUIRED. (a) A policyholder shall fully disclose to the policyholder's insurance company:

(1) information concerning the policyholder's ownership, change of ownership, operations, or payroll; and

(2) the policyholder's records relating to workers' compensation insurance.

(b) The commissioner shall adopt rules necessary to implement this section.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

SUBCHAPTER D. DUTIES AND PROHIBITED ACTS; ENFORCEMENT

Sec. 2051.151. NOTICE OF CLAIMS INFORMATION TO POLICYHOLDER REQUIRED; ADMINISTRATIVE PENALTY. (a) Except as otherwise provided by Subsection (b), an insurance company that writes workers' compensation insurance in this state shall notify a policyholder of a claim that is filed against the policyholder's policy and, after the initial notice, the company shall notify the policyholder of:

(1) any proposal to settle the claim; or

(2) on receipt of a written request from the policyholder, any administrative or judicial proceeding relating to the resolution of the claim.

(b) A policyholder may waive the notice required by Subsection (a).

(c) An insurance company that writes workers' compensation

insurance in this state, on the written request of a policyholder, shall provide to the policyholder:

(1) a list of:

(A) claims charged against the policy; and

(B) payments made and reserves established on each claim; and

(2) a statement explaining the effect of claims on premium rates.

(d) The insurance company shall provide the information described by Subsection (c) in writing not later than the 30th day after the date the company receives the policyholder's written request for the information. For purposes of this subsection, information is considered to be provided to the policyholder on the date the information is:

(1) received by the United States Postal Service; or

(2) personally delivered to the policyholder.

(e) An insurance company that fails to comply with this section commits an administrative violation under Subtitle A, Title 5, Labor Code.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 3B.041(a), eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. 3167), Sec. 9.041(a), eff. September 1, 2007.

Acts 2011, 82nd Leg., R.S., Ch. 1162 (H.B. 2605), Sec. 4, eff. September 1, 2011.

Sec. 2051.152. PROHIBITED ACTS BY PERSON; ADMINISTRATIVE PENALTY. (a) A person commits an administrative violation if the person:

(1) to obtain workers' compensation insurance coverage for the person or another person, intentionally or knowingly:

(A) makes a false statement;

(B) misrepresents or conceals a material fact;

(C) makes a false entry in, fabricates, alters,

conceals, or destroys a document; or

(D) conspires to commit an act listed in Paragraph (A), (B), or (C); or

(2) intentionally and knowingly obtains or maintains:

(A) workers' compensation insurance coverage from an insurer that is not authorized to engage in business in this state; or

(B) alternative coverage from an insurer in violation of this code.

(b) An administrative violation under Subsection (a) is punishable by an administrative penalty not to exceed \$5,000 assessed in accordance with the procedures established for an administrative violation under Chapter 415, Labor Code.

(c) Each day an administrative violation under Subsection (a)(2) occurs or continues is a separate violation.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2051.153. LIABILITY OF POLICYHOLDER FOR ADDITIONAL PREMIUM. (a) If a policyholder commits an administrative violation under Section 2051.152 and obtains workers' compensation insurance coverage at a premium that is less than the premium that would have been charged if the policyholder had not committed the administrative violation, the policyholder is liable to the insurer for:

(1) the difference between the premium due and the premium actually charged; and

(2) reasonable interest and attorney's fees.

(b) For the purposes of this section, "insurer" includes the Texas Mutual Insurance Company.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2051.154. PROHIBITED ACT BY INSURER; ADMINISTRATIVE PENALTY. (a) An insurer commits an administrative violation if the insurer directly or indirectly requires a person to apply for or purchase an insurance policy, other than a workers' compensation

insurance policy, as a condition of issuing a workers' compensation insurance policy.

(b) An insurer that violates this section is subject to administrative penalties under Chapter 84.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2051.155. SANCTION OF AGENT REQUIRED. The commissioner shall impose a sanction in accordance with Chapter 82 against an agent who commits an administrative violation under Section 2051.152 or 2051.154.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2051.156. CANCELLATION OF CERTIFICATE OF AUTHORITY REQUIRED. The commissioner shall cancel an insurance company's certificate of authority to engage in the business of workers' compensation insurance in this state on a second conviction of an officer or representative of the company for violating a provision of a law referenced in Section 2051.002(1), (2), (3), (4), or (5) relating to that business.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Sec. 2051.157. PENALTY FOR CERTAIN VIOLATIONS. An officer or other representative of an insurance company is subject to a fine of not less than \$100 or more than \$500 if the officer or other representative violates any provision of the following relating to the company's business:

- (1) Subchapter A or B;
- (2) Section 2051.156 or 2051.201;
- (3) Chapter 426 or 2052;
- (4) Subchapter A, C, or D, Chapter 2053; or
- (5) Section 2053.051, 2053.052, or 2053.055.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2H.004, eff. April 1, 2009.

Acts 2019, 86th Leg., R.S., Ch. 558 (S.B. 1336), Sec. 1, eff. September 1, 2019.

SUBCHAPTER E. RULES

Sec. 2051.201. RULEMAKING AUTHORITY: WORKERS' COMPENSATION INSURANCE. The commissioner may adopt and enforce all reasonable rules as are necessary to carry out the provisions of a law referenced in Section 2051.002(1), (2), (3), (4), or (5).

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. 2017), Sec. 2, eff. April 1, 2007.